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INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 BUCHAREST 000815

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STATE EUR/CE FOR ASCHEIBE

E.O. 12958: DECL: 12/06/2019

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SUBJECT: ELECTION UPDATE: AS ROMANIA COLLECTS ITS BREATH,
WHAT'S NEXT?

REF: BUCHAREST 813 AND PREVIOUS

Classified By: DCM JERI GUTHRIE-CORN FOR REASONS 1.4 (B) AND (D).

11. (C) SUMMARY. The surprising December 6 Basescu victory resulted from a last-minute Geoana collapse and strong support from overseas voters and ethnic Hungarians. The Social Democrats (PSD) announced on December 7 they would challenge the election results within the three days permitted by Romanian law. Should the results hold, Basescu and the opposition must work to form a new cabinet, but questions remain over who will be Prime Minister designate. As Romanians sift through the post-election fallout, larger questions loom, such as which opposition party might join the Liberal Democrats (PDL) and whether Mircea Geoana and Crin Antonescu (National Liberals-PNL) will continue to lead their parties. END SUMMARY

THE MESSAGE: VOTERS WARY OF PSD

12. (C) The surprising results represent not so much a victory for Basescu but rather a statement of voter distrust of Mircea Geoana and a wariness of a PSD return to power. Geoana surmounted Basescu in the polls soon after the first round of voting on November 22 and led, albeit narrowly, until election eve. Geoana won explicit endorsements from candidates and parties that controlled at least 55% of the electorate (PSD, PNL and UDMR), while Basescu was endorsed only by his own PDL. Nevertheless, Geoana's momentum was blunted just days before the election when it was revealed that he had met secretly with media mogul Sorin Ovidiu Vantu on the day that former Vantu associate, Nicolae Popa, a fugitive from Romania who was convicted in 2006 for masterminding a pyramid scheme that defrauded 400,000 Romanians, was arrested in Indonesia. The Vantu-Popa link, and clandestine meeting, re-ignited the popular perception that Geoana was controlled by corrupt and unreformed power-centers within the PSD. Basescu hammered on this in the only head-to-head debate between the two candidates on December 3. Basescu, meanwhile, did not seem to benefit from a late surge in popularity, but rather from a last minute Geoana collapse coupled with an overwhelming four-to-one advantage among overseas voters and support from ethnic Hungarians who voted for the incumbent despite UDMR calls to support the opposition.

THE NEXT STEP: PSD CHALLENGES RESULTS

13. (SBU) PSD Vice-President Liviu Dragnea announced at 2 p.m. that the party would challenge the election results, without specifying how. Under Romanian law, parties can file challenges within three days of the polls' closing. Election results may be invalidated only if the number of contested ballots would affect the outcome. The Constitutional Court is responsible for certifying the election and therefore has jurisdiction for resolving any challenge. PSD leaders reportedly will meet late December 7 to decide a strategy.

THE STEP AFTER: FORMING A GOVERNMENT

¶4. (SBU) Should the results hold, Basescu and the Parliament must work to form a new cabinet. Basescu's most recent nominee for PM, Liviu Negoita, is still awaiting a Parliamentary vote of confidence. Romanian law states that the president may call new Parliamentary elections if two PM nominees in succession are rejected by the Parliament, but it remains unclear whether the count will be reset by Basescu's second inauguration on or about 20 December. In any event, Basescu would not be obligated to call new elections and furthermore it is not evident that either Basescu or his opponents are eager for yet another round of elections. One potential compromise candidate has already taken himself out of the running, as Sibiu Mayor Klaus Iohannis said he preferred to remain mayor.

LARGER QUESTIONS LOOM

¶5. (SBU) As Romanians sift through the post-election fallout, three larger questions stand out. First, who, if anyone, will abandon the opposition to ally with the PDL? A PDL-PSD reconciliation seems unlikely in light of their brief and stormy marriage. Both the PDL and PNL are center-right, but PNL President Crin Antonescu personally dislikes Basescu and boxed himself into a corner by immediately declaring that he would never support Basescu, the "populist," after the first round of voting. The ethnic-Hungarian UDMR wants to return to power but its leaders find themselves in an uncomfortable position: they backed the losing candidate against the will of their electorate and conditioned their support on Iohannis as PM.

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¶6. (C) Second, will Basescu govern as a compromiser or continue to push the envelope? Basescu was as responsible as anyone for the collapse of the PDL-PSD coalition, and he still thrives on a good fight. Nevertheless, with a razor-thin mandate, a caretaker minority government and a weary public, he may decide to compromise on a new Prime Minister and cabinet. Calling for early Parliamentary elections -- his other option -- carries its own risks, especially with the potential for voter backlash against the PDL, the largest party in Parliament.

¶7. (C) Finally, what will become of Mircea Geoana and Crin Antonescu? Geoana and Antonescu were never popular party Presidents and there are sure to be calls for their scalps from within their respective organizations. Nevertheless, Geoana is widely credited with democratizing and modernizing the PSD, and no credible, relatively-clean rival exists. And Antonescu is still thought to be on the upside of his political career, despite a so-so performance in the first round and his arguably premature endorsement of Geoana before the second round. Although December 6 answered some questions, it raised several new ones.

GITENSTEIN